

Message Text

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42

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 EA-07 COME-00 SSO-00 FEA-00

OES-03 /028 W

----- 005209

O R 160827Z JAN 76

FM AMEMBASSY ISLAMABAD

TO AMEMBASSY MANILA IMMEDIATE

INFO AMCONSUL KARACHI

SECSTATE WASHDC 3670

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E.O. 11652: N/A

TAGS: ENRG, PK,

SUBJECT: SUMITOMO/GE BID FOR KORANGI POWER STATION

1. GE AND SUMITOMO REPS, JOHN MIOLA AND MR. UJITA, CALLED ON EMBASSY JANUARY 15 (AND DAY BEFORE ON CONGEN KARACHI) EXPRESSING CONCERN THAT RIVAL BIDDER FIAT MAY BE ABLE TO SECURE ROUGHLY \$20 MILLION ORDER FOR THIS ABD-FINANCED PLANT LARGELY ON BASIS OF THE FIAT PLANT'S CAPABILITY TO BURN NAPTHA FUEL. WHILE THIS CAPABILITY WOULD BE ONLY A BACK-UP SYSTEM IN EVENT MAIN NATURAL GAS FUEL SUPPLY IS INTERRUPTED, SUMITOMO/GE REPS SAY THAT THE GOP MINISTRY OF FUEL, POWER AND NATURAL RESOURCES LEANS TOWARDS FIAT BID BECAUSE OF NAPTHA ANGLE. ALTERNATIVE SYSTEM RECOMMENDED BY ALL OTHER BIDDERS IS FOR USING LIGHT DIESEL OIL AS BACK-UP FUEL. ADVANTAGE OF NAPTHA IS THAT PAKISTAN HAS SURPLUS OF THIS WHILE DIESEL FUEL WOULD HAVE TO BE IMPORTED.

2. SUMITOMO/GE REPS CLAIM THAT IN DISCUSSION IN MANILA ON DECEMBER 12 OR 13 WITH ADB REPS PAPP AND BARREL, THE SUMITOMO/GE TEAM OF RUDOLPH AND MORINOKA WERE TOLD THAT ADB WOULD FIND NAPTHA BACK-UP SYSTEM UNACCEPTABLE. ADB REPORTEDLY AGREED WITH SUMITOMO/GE THAT NAPTHA SYSTEM IS TECHNICALLY TOO DANGEROUS PARTICULARLY FOR HOT KARACHI

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CLIMATE, AND ALSO IS UNECONOMICAL.

3. REQUEST: GE HAS REQUESTED EMBASSY SUPPORT ITS CASE
BEFORE GOP FUELS MINISTRY CITING PRINCIPALLY THE NAPTHA
DANGER ARGUMENT. IF ALLEGATION OF ADB OPINION IS CORRECT,
WE WOULD LIKE TO BE ABLE USE IT. PLEASE ADVISE ASAP
SINCE GOP IS SUPPOSED MAKE DETERMINATION ON THIS HOTLY
CONTESTED CASE SOMETIME NEXT WEEK.
BYROADE

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ELECTRIC POWER PLANTS, PROPOSALS (BID)
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ISLAMA00499
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760017-0544
From: ISLAMABAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760150/aaaabspn.tel
Line Count: 69
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 07 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JUN 2004 by greeneet>; APPROVED <08 JUN 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUMITOMO/GE BID FOR KORANGI POWER STATION
TAGS: ENRG, PK
To: MANILA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006